

LOUISIANA
 DEPARTMENT of REVENUE

Net Capital Gains Deduction
Worksheet
 2016 Tax Year

Social Security Number

Act 11 of the 2016 Second Extraordinary Session of the Louisiana Legislature limits the individual income tax deduction provided by La. R.S. 47:293(9)(a)(xvii) for certain net capital gains. The deduction is for net capital gains resulting from the sale or exchange of an equity interest in or substantially all of the assets of a non-publicly traded corporation, partnership, limited liability company, or other business organization commercially domiciled in Louisiana. Complete and attach this worksheet to the Resident tax return Form IT-540 or the Nonresident tax return Form IT-540B.

Provide the following for the entity from which the gain was derived:

Name of Business

Louisiana Tax ID number

FEIN

Describe the business activity conducted in Louisiana

Where are the assets of the business held?

Where are the management decisions of the business made?

Where are day to day operational decisions made?

Calculation of the Deduction

1	Net Capital Gains as reported on the federal return (See RIB 10-017)	1																													
2	Number of years business was held in Louisiana prior to sale or exchange	2																													
If the amount on Line 2 is less than 5, you are not allowed to claim this deduction. Stop here. You are finished with this worksheet. Otherwise, go to Line 3.																															
3	Enter on Line 3 the decimal amount shown below that applies to the number reported on Line 2. <table border="1"> <thead> <tr> <th>If Line 2 is:</th> <th>at least</th> <th>but less than</th> <th>decimal amount</th> </tr> </thead> <tbody> <tr> <td></td> <td>5 years</td> <td>10 years</td> <td>.50</td> </tr> <tr> <td></td> <td>10 years</td> <td>15 years</td> <td>.60</td> </tr> <tr> <td></td> <td>15 years</td> <td>20 years</td> <td>.70</td> </tr> <tr> <td></td> <td>20 years</td> <td>25 years</td> <td>.80</td> </tr> <tr> <td></td> <td>25 years</td> <td>30 years</td> <td>.90</td> </tr> <tr> <td></td> <td>30 years or greater</td> <td></td> <td>1.00</td> </tr> </tbody> </table>	If Line 2 is:	at least	but less than	decimal amount		5 years	10 years	.50		10 years	15 years	.60		15 years	20 years	.70		20 years	25 years	.80		25 years	30 years	.90		30 years or greater		1.00	3	X. _____
If Line 2 is:	at least	but less than	decimal amount																												
	5 years	10 years	.50																												
	10 years	15 years	.60																												
	15 years	20 years	.70																												
	20 years	25 years	.80																												
	25 years	30 years	.90																												
	30 years or greater		1.00																												
4	Multiply Line 1 by the decimal amount on Line 3. This is your capital gains deduction. Enter this amount on Form IT-540, Schedule E, code 20E or Form IT-540B, Nonresident Part Year Resident (NPR) worksheet, Line 30.	4																													

Please furnish our office with the following:

- A notarized statement from a managing member or corporate officer attesting that the business was commercially domiciled in Louisiana for the year in which the transaction occurred.
- Copies of the last two returns on which the income from the business was reported. Ex: If from a partnership, provide the IT-565's for the last two years.
- If the gain is derived from a pass-through entity, provide detailed information on the pass-through structure.
- If the gain is from the sale of equity interests please provide:
 - A copy of the K-1 from the entity from which the gain derived.
 - A complete copy of the 1040 for the period in which the gain was recognized. Please be sure to include the Schedule D and any corresponding schedules.

If the gain is from the sale of assets please provide:

- A copy of the K-1 from the entity from which the gain derived.
- A complete copy of the 1040 for the period in which the gain was recognized. Please be sure to include the Schedule D and any corresponding schedules.
- A description of the assets.
- A copy of the purchase and/or sales agreement.
- A worksheet that shows a calculation of gross to net asset values